

FogChain, Inc.

Condensed Interim Financial Statements

(Unaudited)

*For the three months ended March 31, 2018
Expressed in United States Dollars*

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**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements of FogChain, Inc. for the three months ended March 31, 2018 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102 – *Continuous Disclosure Obligations*, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements.

FogChain, Inc.

Condensed Interim Statements of Financial Position

*(Unaudited)**(Expressed in United States dollars)*

	Notes	March 31, 2018	December 31, 2017
Assets			
Current Assets			
Cash and cash equivalents		\$ 130,984	\$ 353,462
Total Assets		<u>\$ 130,984</u>	<u>\$ 353,462</u>
Liabilities and Stockholders' Deficit			
Current Liabilities			
Trade payable and accrued liabilities		\$ 103,072	\$ 13,774
Payable due to related parties		3,000	7,560
Convertible debenture	4	400,000	400,000
Total Liabilities		<u>506,072</u>	<u>421,334</u>
Shareholders' Deficit			
Preferred stock: 10,000 authorized; \$0.0001 par value No shares issued and outstanding		-	-
Common stock: 150,000,000 authorized; \$0.0001 par value 54,000,000 shares outstanding	5	5,400	5,400
Additional paid in capital	5	3,625	3,625
Subscription Receivable	3	(20)	(110)
Accumulated deficit		<u>(384,093)</u>	<u>(76,787)</u>
Total Stockholders' Deficit		<u>(375,088)</u>	<u>(67,872)</u>
Total Liabilities and Shareholders' Deficit		<u>\$ 130,984</u>	<u>\$ 353,462</u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 8)

Approved on behalf of the Board on June 4, 2018:

/s/ James Cerna
Director

/s/ Karamveer Thakur
Director

/s/ Charles Berman
Director

The accompanying notes are an integral part of these condensed interim financial statements.

FogChain, Inc.

Condensed Interim Statements of Comprehensive Loss

*(Unaudited)**(Expressed in United States dollars)*

	Three Months Ended	
	March 31,	
	2018	2017
Operating Expenses		
Rent	\$ 9,000	\$ 9,000
Professional fees	213,539	-
Office and miscellaneous	84,767	-
	<u>307,306</u>	<u>9,000</u>
Net loss and comprehensive loss for the period	<u>\$ (307,306)</u>	<u>\$ (9,000)</u>
Basic and dilutive loss per common share	<u>(0.01)</u>	<u>(0.00)</u>
Weighted average number of common shares outstanding	<u>54,000,000</u>	<u>54,000,000</u>

The accompanying notes are an integral part of these condensed interim financial statements.

FogChain, Inc.

Condensed Interim Statement of Changes in Shareholders' Deficit

*(Unaudited)**(Expressed in United States dollars)*

	<u>Common Stock</u>		<u>Additional Paid in Capital</u>	<u>Subscription Receivable</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>				
Balance - December 31, 2017	54,000,000	\$ 5,400	\$ 3,625	\$ (110)	\$ (76,787)	\$ (67,872)
Payments for subscription receivable	-	-	-	90	-	90
Net loss for the period	-	-	-	-	(307,306)	(307,306)
Balance - March 31, 2018	<u>54,000,000</u>	<u>\$ 5,400</u>	<u>\$ 3,625</u>	<u>\$ (20)</u>	<u>\$ (384,093)</u>	<u>\$ (375,088)</u>

The accompanying notes are an integral part of these condensed interim financial statements.

FogChain, Inc.

Condensed Interim Statements of Cash Flows

*(Unaudited)**(Expressed in United States dollars)*

	Three Months Ended	
	March 31,	
	2018	2017
Cash Flows from Operating Activities:		
Net loss for the period	\$ (307,306)	\$ (9,000)
Changes in non-cash working capital items:		
Trade payable and accrued liabilities	89,298	-
Payable due to related parties	(4,560)	9,000
Net cash flows used in operating activities	<u>(222,568)</u>	<u>-</u>
Cash Flows from Financing Activities:		
Receipt of cash for subscription receivables	<u>90</u>	<u>-</u>
Net cash flows provided by financing activities	<u>90</u>	<u>-</u>
Net decrease in cash and cash equivalents	(222,478)	-
Cash and cash equivalents, beginning of period	<u>353,462</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 130,984</u>	<u>\$ -</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these condensed interim financial statements.

FogChain, Inc.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2018

(Unaudited)

(Expressed in United States dollars)

1. Nature and Continuance of Operations

FogChain, Inc. (“FogChain” or the “Company”) was incorporated as Sunworks Installation, Inc. on April 13, 2016, under the laws of the State of Delaware. The Company was formed to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware. On December 11, 2017, the Company changed its name from Sunworks Installation, Inc. to FogChain, Inc. The head office, principal address and registered and records office of the Company are located at 655 Skyway Rd., #235, San Carlos, CA 94070.

During the year ended December 31, 2016, the Company issued 9,000 shares of its common stock (“Common Stock”) at a price of \$1.00 per share in exchange for promissory notes for subscription receivables. On January 11, 2018, the Company increased its authorized shares of Common Stock to 150,000,000 shares and issued a dividend to its stockholders of Common Stock, payable as a six thousand- for-one forward split of the issued and outstanding shares of Common Stock, for all stockholders of record on the close of business on January 10, 2018.

To date, the Company has not generated sales revenues. Consequently, its operations are subject to all the risks inherent in the establishment of a new business enterprise. These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company’s continuation as a going concern for one year from the date these financials are issued is dependent upon the successful results from its activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with cash on hand and, upon completion of the Transaction (described in Note 7, below), by private placements of Pubco Shares (defined below).

2. Significant Accounting Policies, Basis of Preparation and Statement of Compliance

Statement of compliance and conversion to International Financial Reporting Standards

The condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 - Interim Financial Reporting.

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s most recent annual financial statements for the year ended December 31, 2017. These condensed interim financial statements do not include all of the information required for full IFRS financial statements and therefore should be read in conjunction with the Company’s most recent annual consolidated financial statements for the year ended December 31, 2017, which were prepared in accordance with IFRS as issued by IASB.

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs. The interim financial statements are presented in United States dollars unless otherwise noted.

Use of Estimates

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

FogChain, Inc.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2018

(Unaudited)

(Expressed in United States dollars)

3. Promissory notes for subscriptions receivable

During the year ended December 31, 2016, the Company issued 9,000 shares of its Common Stock at a price of \$1.00 per share in exchange for promissory notes which are classified as subscription receivables. The promissory notes have a maturity date of December 31, 2017 and does not bear any interest. As of March 31, 2018, and December 31, 2017, \$20 and \$110 were due from the promissory notes, respectively. The remaining \$20 is from an uncollected wire transfer fee.

4. Convertible debenture

On December 19, 2017, the Company received \$400,000 in convertible debenture subscriptions. The convertible debentures had a term of 12 months, bore no interest and were automatically convertible into Pubco Shares (defined below) upon the Company completing a merger with Pubco for the purpose of completing the Transaction (defined below). In connection with the Transaction, the convertible debentures converted into 9,000,000 Pubco Shares on May 24, 2018

5. Share capital

Authorized share capital

The Company was incorporated with authorized capital of 90,000 shares of Common Stock and 10,000 shares of preferred stock, each with a par value of \$0.0001. On January 11, 2018, the Company increased its authorized shares of Common Stock to 150,000,000 shares of Common Stock and issued a dividend to its stockholders of Common Stock, payable as a six thousand-for-one forward split of the issued and outstanding shares of Common Stock, for all stockholders of record on the close of business on January 10, 2018. All per share amounts and outstanding shares of common stock have been retroactively adjusted in these financial statements for all periods presented to reflect the six thousand-for-one forward split. The 10,000 authorized shares of preferred stock was unaffected by any of the aforementioned transaction

Share issuances

During the three months ended March 31, 2018, there were no issuances of Common Stock.

As of March 31, 2018 and December 31, 2017, 54,000,000 shares of Common Stock were outstanding.

Options and Warrants

As of both March 31, 2018 and December 31, 2017, there were no options or warrants issued by the Company.

FogChain, Inc.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended March 31, 2018

(Unaudited)

(Expressed in United States dollars)

6. Letter of Intent and Brokered Financing

The Company entered into: (i) a letter of intent dated January 17, 2018 (the “Letter of Intent”) with Mukuba Resources Limited (“Pubco”) whereby Pubco agreed to acquire all of the issued and outstanding shares of FogChain (the “Merger”); and (ii) an engagement letter dated January 11, 2018 (the “Engagement Letter”) with Canaccord Genuity Inc. (“Canaccord”) pursuant to a brokered private placement of subscription receipts of FogChain (the “Subscription Receipts”) for gross proceeds of up to US\$10,000,000 (the “Brokered Financing”).

On March 6, 2018, the Company closed the Brokered Financing, comprising an aggregate of 9,803,649 subscription receipts (the “Subscription Receipts”) at a price of C\$0.54 per Subscription Receipt for gross proceeds of C\$5,293,970. The Subscription Receipts were issued pursuant to terms of a subscription receipt agreement (the “Subscription Receipt Agreement”) dated March 6, 2018 entered into among the Company, Canaccord Genuity Inc. and TSX Trust Company. Concurrent with the closing of the Brokered Financing, the Company issued an additional 180,235 Subscription Receipts for gross proceeds of C\$97,326.90 on a non-brokered basis to certain U.S. resident subscribers issued pursuant to applicable exemptions under U.S. securities law.

7. Related party transactions

Related party balances

Total expense paid by the sole director and officer for the periods ended March 31, 2018 and 2017 was \$1,866 and \$0, respectively. During the three months ended March 31, 2018, the Company repaid \$9,426 to the sole director and officer. There was an account payable to the sole director and officer of \$0 and \$7,560 at March 31, 2018 and December 31, 2017, respectively.

The Company leases office space on a month to month basis from Newton Energy, Inc. Monthly lease payments are \$3,000 per month. The total expenses paid to a related party for rent expense for the periods ended March 31, 2018 and 2017 was \$6,000 and \$0, respectively. There was an account payable to related party of \$3,000 and \$0 at March 31, 2018 and December 31, 2017, respectively.

8. Subsequent Events

On May 18, 2018, the Company, Pubco and Mukuba Subco Inc. entered into a merger agreement (the “Merger Agreement”), which superseded and replaced the Letter of Intent. Pursuant to the Merger Agreement, on May 24, 2018, Mukuba Subco Inc., a wholly-owned subsidiary of Pubco, merged with the Company. The Transaction was structured as a reverse triangular merger under the Delaware General Corporation Law as a result of which FogChain became a wholly-owned subsidiary of Pubco (the “Transaction”). Pursuant to the Transaction, each share of Common Stock was exchanged for one common share (“Pubco Shares”) in the capital of Pubco, except for 18,630,000 shares of Common Stock held directly and indirectly by James Cerna. James Cerna elected to receive 18,630,000 Restricted Common Shares (defined below) in exchange for shares of Common Stock he held directly and indirectly immediately prior to the completion of the Transaction. Pubco now carries on the business previously carried on by the Company.

Prior to the completion of the Transaction, Pubco filed articles of amendment to, among other things: (a) effect a share consolidation (the “Consolidation”) at a ratio of one (1) post-consolidation common share in the capital of Pubco for each 1.66 pre-consolidation common shares in the capital of Pubco, (b) change its name to “FogChain Corp.”, and (c) create restricted voting shares in the capital of Pubco (the “Restricted Common Shares”).

Immediately prior to completion of the Transaction and pursuant to the Subscription Receipt Agreement, each Subscription Receipt was automatically exchanged for one Pubco Share. Following completion of the Transaction, 60,343,098 Pubco Shares and 18,630,000 Restricted Common Shares are issued and outstanding. The Pubco Shares commenced trading on the Canadian Securities Exchange on May 29, 2018 under the ticker symbol “FOG”.